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[redacted] BRIEFING [redacted] 14 January 1960

CUBAN NICKEL AND THE USSR

I. There is a good possibility that the USSR might begin efforts to purchase Cuban nickel. Such a move would be primarily a political one, but would also have some economic advantage for Moscow.

A. Soviet plans call for nickel output to about double by 1965 (from an estimated '58 output of 60,000 MT to 115,000 MT).

II. We have no reports that USSR has yet made any overtures toward purchase of Cuban nickel.

III. But purchase of Cuban nickel would take some pressure off drive to complete new Soviet capacity.

A. Would also permit allocation of more nickel alloys to lower priority users, and perhaps take some burden off Soviet need to supply nickel to Satellites and China (about 6,000 tons exported last year).

IV. We doubt that any Soviet purchases of Cuban nickel would be extremely large or preclusive.

A. We do not think USSR is in short supply of nickel (we estimate only about 40% of current Soviet output is consumed by the military program.)

B. USSR currently concentrating on procuring advanced Western industrial machinery rather than raw materials.

C. They seem to want as much of this machinery as their ability to pay will permit.

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Special Note: The Soviets could easily use the output of the Nicaro plant (they would feed nickel oxide straight into their steel furnaces). However, the sulphide concentrate of that produced by the Freeport Sulphur Co. operation at Moa Bay would be of such trouble to Soviet users as to be most undesirable.

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